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**Village of Grosse Tete, Louisiana**

**Annual Financial Report**

**December 31, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the Board of Aldermen  
Village of Grosse Tete, Louisiana

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Grosse Tete, Louisiana, as of and for the year ended December 31, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of the Village of Grosse Tete, Louisiana as of December 31, 2007, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 13 and the Budgetary Comparison Schedule on pages 39 through 40 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 23, 2008 on my consideration of the Village of Grosse Tete's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

My audit was made for the purpose of forming an opinion on the basic financial statements that collectively comprise the Village of Grosse Tete's, basic financial statements. The other supplementary information has been are presented for purposes of additional analysis and is also not a required part of the basic financial statements of the Village of Grosse Tete, Louisiana. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*W. Kathleen Beard*

Certified Public Accountant

June 23, 2008

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Village of Grosse Tete  
Management's Discussion and Analysis (Unaudited)  
December 31, 2007**

We offer readers of the Village of Grosse Tete's financial statements this narrative overview and analysis of the financial activities of the Village of Grosse Tete for the fiscal year ended December 31, 2007.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments issued June 1999.

**Financial Highlights**

Key financial highlights for the 2007 fiscal year include the following:

The assets of the Village of Grosse Tete exceeded its liabilities at the close of the most recent fiscal year by \$1,262,736 (net assets). Of this amount, approximately \$ 517,868 (unrestricted net assets) may be used to meet the government's obligations to citizens and creditors.

The total net assets of the Village of Grosse Tete increased by \$ 112,439 for the year ended December 31, 2007 - net assets of the governmental activities increased by \$137,558, and net assets of business-type activities decreased by \$25,119.

As of the close of the current fiscal year, the Village of Grosse Tete's governmental funds reported a combined ending fund balance of \$845,127, an increase of \$69,336 in comparison with the prior fiscal year. Of this amount, \$ 670,326 was unreserved, undesignated, and available for spending and \$174,801 was restricted for fire protection.

At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$670,326.

The Village of Grosse Tete's total debt decreased \$34,135 during the fiscal year, due to payments on the long-term leases of a fire trucks.

**Village of Grosse Tete**  
**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2007**

**Overview of the Financial Statements**

This MD&A is intended to serve as an introduction to the Village of Grosse Tete's basic financial statements. The Village of Grosse Tete's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements** The government-wide financial statements are designed to provide readers with a broad overview of the Village of Grosse Tete's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Village of Grosse Tete's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village of Grosse Tete is improving or deteriorating.

The Statement of Activities presents information showing how the Village of Grosse Tete's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The Statement of Net Assets and the Statement of Activities distinguish functions of the Village of Grosse Tete that are principally supported by taxes, intergovernmental revenues, and charges for services (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Village of Grosse Tete's governmental activities include general government, public safety, highways and streets, health, and culture and recreation. The business-type activities of the Village of Grosse Tete include water and sewerage utility service.

The government-wide financial statements include the Village of Grosse Tete itself, which is the primary government. The village does not have any component units.

**Fund Financial Statements**. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Grosse Tete, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Grosse Tete can be divided into two categories: governmental funds and proprietary funds.

**Village of Grosse Tete**  
**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2007**

**Fund Financial Statements (Continued):**

**Governmental Funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the Village of Grosse Tete's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Village of Grosse Tete's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village of Grosse Tete maintains two individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, and for the Volunteer Fire Department Special Revenue Fund, both of which are considered to be major funds.

The Village of Grosse Tete adopts an annual appropriated budget for its General Fund and Special Revenue. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

**Proprietary Funds:** The Village of Grosse Tete maintains a proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village of Grosse Tete uses an enterprise fund to account for its water and sewer services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Proprietary fund financial statements provide separate information for the water and sewerage operations, which is considered to be a major fund of the Village of Grosse Tete.

**Notes to the basic financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village of Grosse Tete's compliance with budgets for its major funds.



**Village of Grosse Tete  
Management's Discussion and Analysis (Unaudited)  
December 31, 2007**

**Financial Analysis of Government-wide Activities**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Village of Grosse Tete, assets exceed liabilities by \$1,262,736 at the close of the most recent fiscal year.

**Village of Grosse Tete's Net Assets  
December 31, 2007 and 2006**

	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>	<b>2006</b>
<b>Assets:</b>				
Current and Other Assets	\$888,310	\$31,813	\$920,123	\$834,073
Capital Assets (Net)	268,529	411,822	680,351	665,751
<b>Total Assets</b>	<b>1,156,839</b>	<b>443,635</b>	<b>1,600,474</b>	<b>1,499,824</b>
<b>Liabilities:</b>				
Current and other Liabilities	43,184	185,117	228,301	205,955
Long-term liabilities	109,437	0	109,437	143,572
<b>Total Liabilities</b>	<b>152,621</b>	<b>185,117</b>	<b>337,738</b>	<b>349,527</b>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	158,245	411,822	570,067	522,178
Restricted for Fire Protection	174,801	0	174,801	147,035
Unrestricted	671,172	(153,304)	517,868	481,085
<b>Total net assets</b>	<b>\$1,004,218</b>	<b>\$258,518</b>	<b>\$1,262,736</b>	<b>\$1,150,298</b>

The balance of unrestricted net assets of \$517,868 is used to meet the Village of Grosse Tete's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Village of Grosse Tete is able to report positive balances in total net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

**Village of Grosse Tete**  
**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2007**

The Village of Grosse Tete's net assets increased by \$112,439 during the current fiscal year as detailed by the following:

**Village of Grosse Tete's changes in Net Assets**

	Governmental Activities	Business-like Activities	Total	2006
<b><u>Revenues</u></b>				
Program revenues:				
Charges for Services	\$31,174	\$109,587	\$140,761	\$144,568
Grants and Contributions	48,461	0	48,461	25,358
General revenues:				
Intergovernmental	608,293	0	608,293	555,773
Taxes	43,294	0	43,294	46,710
Licenses and permits	37,040	0	37,040	41,563
Investment Earnings	24,549	318	24,867	13,878
Miscellaneous	5,352	0	8,351	8,351
Gain/Loss on Sale of Assets	3,500	-	3,500	(416)
<b>Total revenues</b>	<b>801,663</b>	<b>109,905</b>	<b>914,567</b>	<b>835,787</b>
<b><u>Expenses</u></b>				
General Government	187,876	0	267,769	273,460
Public Safety	181,274	0	42,129	154,512
Highways/Streets	219,796	0	95,122	115,388
Health	4,560	0	3,565	3,565
Culture/Recreation	22,655	0	3,796	7,528
Interest on Long-term debt	7,944	0	4,844	9,162
Water and Sewer	0	175,024	177,697	177,697
<b>Total Expenses</b>	<b>624,105</b>	<b>175,024</b>	<b>594,922</b>	<b>741,312</b>
Other Financing Sources (uses)				
Transfers In/Out	(40,000)	40,000	-	-
<b>Increase (decrease) in net assets</b>	<b>137,558</b>	<b>(25,119)</b>	<b>112,439</b>	<b>94,475</b>
<b>Net Assets at the beginning of year</b>	<b>866,660</b>	<b>283,637</b>	<b>1,150,297</b>	<b>1,055,822</b>
<b>Net Assets at the end of year</b>	<b>\$1,004,218</b>	<b>\$258,518</b>	<b>\$1,262,736</b>	<b>\$1,150,297</b>

**Village of Grosse Tete**  
**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2007**

**Governmental Activities:**

Revenues for the Village of Grosse Tete's governmental activities for the year ended December 31, 2007 were \$ 801,662 compared to \$ 705,949 for the year ended December 31, 2006.

<b>General</b>	<b><u>Amount</u></b>	<b><u>Percentage</u></b>
Revenues:		
Taxes	\$43,294	7%
Licenses, permits, and fines	64,623	10%
Intergovernmental	481,780	73%
Grants	46,000	7%
Investment Earnings	19,835	3%
Miscellaneous	8,348	1%
Gain on Sale	0	0%
	<hr/>	
<b>Total general revenues</b>	<b>\$663,879</b>	<b>100%</b>

<b>Special Revenue</b>	<b><u>Amount</u></b>	<b><u>Percentage</u></b>
Revenues:		
Taxes	\$122,220	89%
Intergovernmental	4,293	3%
Grants	2,461	2%
Investment Earnings	4,714	3%
Miscellaneous	595	0%
Gain on Sale	3,500	3%
	<hr/>	
<b>Total special revenues</b>	<b>\$137,783</b>	<b>100%</b>

In total, general revenues increased. General revenues, specifically sales tax (60%) are the largest component of revenues. Sales taxes increased by \$60,791.

**Village of Grosse Tete  
Management's Discussion and Analysis (Unaudited)  
December 31, 2007**

**Governmental Activities (Continued):**

The cost of all governmental activities this year was \$ 624,105, an increase of \$60,514.

The Village of Grosse Tete's largest programs are general government, public safety, and highways and streets. The schedule below shows the expenses generated by governmental activities:

	<u>Amount</u>	<u>Percentage</u>
General government	\$187,876	30%
Public safety	181,274	29%
Highways and streets	219,796	35%
Other	35,159	6%
	<hr/>	
Total governmental activities expenditures	\$624,105	100%
	<hr/>	

**Business-type Activities:**

The Business-Type Activities of the Village are those for which the Village charges a fee to customers to help cover all or most of the cost of certain services its provides. The Village's water and sewer departments are reported here.

Charges for services for the Village of Grosse Tete's business-type activities were \$109,587 a decrease of \$4,935.

The costs of these activities were \$175,024, a decrease of \$2,673. Salaries and benefits decreased by \$17,572, sewer expenses increased by \$4,865 and water purchases increased by \$3,478.

**Village of Grosse Tete  
Management's Discussion and Analysis (Unaudited)  
December 31, 2007**

**Financial Analysis of the Village of Grosse Tete's Funds**

**Governmental Funds**

As noted earlier, the Village of Grosse Tete uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Village of Grosse Tete's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village of Grosse Tete's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a Village's net resources available for spending at the end of the fiscal year.

- As of the close of the current fiscal year, the Village of Grosse Tete's governmental funds reported a combined ending balance of \$845,127, increase of \$69,313 in comparison with the prior fiscal year. Of this amount, \$670,326 was unrestricted, undesignated and available for spending.
- The General Fund is the chief operating fund of the Village of Grosse Tete. At the end of the current fiscal year, unreserved fund balance of the General fund was \$670,326 the total (undesignated) is available for spending at the Village Board's discretion. The fund balance of the Village of Grosse Tete's General Fund increased by \$41,571. A key factor in this was an increase of \$46,309 in intergovernmental revenue.
- The fund entitled Special Revenue – Fire Protection Fund accounts for fire and emergency activities. At the end of the current fiscal year, the balance of the fund was \$174,801. an increase of \$27,766.

**Proprietary Funds**

- Water and Sewer net assets decreased by \$25,119. This change was the result of an operating loss during the year. There was a decrease in salaries and benefits of \$17,572, but this was offset by increases in most other expense categories.

**Village of Grosse Tete  
Management's Discussion and Analysis (Unaudited)  
December 31, 2007**

**General Fund Budgetary Highlights**

The budget policy of the Village of Grosse Tete complies with state law, as amended, and as set forth in Louisiana Revised Statutes title 39, Chapter 9, Louisiana Local government budget Act (LSA\_R.S. 39:1301 et seq.).

The original budget for the General Fund of the Village of Grosse Tete was adopted on December 20, 2006. Some amendments were made. Differences between the budget and the actual results of the General Fund are as follows:

**Revenues**

Franchise tax revenues were \$16,706 less than the budget estimate.

Sales taxes were \$48,351 less than the original budget.

Interest earned was \$16,335 higher than the budget estimate.

Grant income was \$30,500 less than the budget estimate.

**Expenditures**

Capital outlays were \$88,369 less than the budget estimate.

Salaries were \$13,619 less than the amount budgeted.

**Village of Grosse Tete  
Management's Discussion and Analysis (Unaudited)  
December 31, 2007**

**Capital Assets**

The Village's investment in capital assets for its governmental and business type activities as of December 31, 2007 amounts to \$680,351 (net of accumulated depreciation). This investment in capital assets includes buildings and improvements; office equipment and furniture; machinery and equipment; vehicles; park improvements; waterlines and hydrants; Fire Department vehicles and equipment; sewer system equipment; and water system equipment. The Village has not included infrastructure assets acquired before December 31, 2004. The Village has the option of inclusion of infrastructure assets acquired before December 31, 2004. The Village intends to not to implement infrastructure improvements acquired before December 31, 2004.

Additional information on the Village's capital assets can be found in Note 5 on page 33 and 34 of this financial report.

**Village of Grosse Tete's Capital Assets  
(net of depreciation)**

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>	<b>2006</b>
Construction in progress	\$6,500	-	\$6,500	\$6,500
Building and improvements	34,623	-	34,623	29,165
Office equipment and furniture	8,868	-	8,868	9,378
Machinery and equipment	23,369	-	23,369	43,220
Vehicles	24,256	-	24,256	15,438
Park	801	-	801	1,068
Waterlines and hydrants	6,500	-	6,500	7,800
Sidewalk and Street improvements	84,247	-	4,247	16,065
Fire Dept. vehicles and equipment	79,364	-	79,364	105,808
Sewer system	-	292,782	292,782	299,500
Water system	-	119,040	119,040	131,809
	<b>\$268,529</b>	<b>\$411,822</b>	<b>\$680,351</b>	<b>\$665,751</b>

**Village of Grosse Tete  
Management's Discussion and Analysis (Unaudited)  
December 31, 2007**

Major capital asset events during the fiscal year included the following:

- improvements to the Recreation Center \$8,520
- purchase of a new police truck \$18,193
- re-paving of Fannie Mae Lane \$65,920
- completion of culvert project \$6,156

	Amount Due Within One Year	Long-term Debt	Total Due
Capital Lease obligations - Pumper	\$ 26,477	\$ -	\$ 26,477
Capital Lease obligation - Ranger	9,613	73,347	82,960
<b>Total Debt</b>	<b>\$ 36,090</b>	<b>\$ 73,347</b>	<b>\$ 109,437</b>

**Long-term debt:** At the end of the current fiscal year, the Village of Grosse Tete had total debt outstanding of \$109,437. The Village of Grosse Tete has no general bonded debt outstanding the following table summarizes the lease outstanding at December 31, 2007. For additional information regarding capital assets and long-term debt, see the notes to the basic financial statements on pages 34-35.

### **Requests for Information**

This financial report is designed to provide a general overview of the Village of Grosse Tete's finances for all those with an interest in the Village of Grosse Tete's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Clerk of the Village of Grosse Tete, P.O. Box 98, Grosse Tete, La. 70740-0098, or by calling (225)648-2131.



## **BASIC FINANCIAL STATEMENTS**

**Village of Grosse Tete, Louisiana**  
**Statement of Net Assets**  
**December 31, 2007 and 2006**

	<u>Primary Government</u>			
	<u>Governmental</u>	<u>Business-type</u>	<u>2007</u>	<u>2006</u>
	<u>Activities</u>	<u>Activities</u>	<u>Totals</u>	<u>Totals</u>
<b>ASSETS:</b>				
Cash and cash equivalents				
Cash on hand and in banks	\$128,920	\$6,918	\$135,838	\$128,528
Investment in LAMP	123,682	0	123,682	39,309
Investments in Certificates of Deposit	395,581	7,380	402,961	387,160
Accounts receivable (net of allowance for uncollectible)				
Taxes	8,717	0	8,717	9,469
Intergovernmental	41,522	0	41,522	72,602
Accounts	1,066	16,392	17,458	15,587
Accrued Interest	4,656	38	4,694	-
Due from other funds	172,672	0	172,672	167,681
Prepays	11,495	1,084	12,579	13,737
Property, plant and equipment, (net of accumulated depreciation)	268,529	411,822	680,351	665,751
Total assets	1,156,839	443,635	1,600,474	1,499,824
<b>LIABILITIES:</b>				
Bank overdraft	0	0	0	2,424
Accounts payable	9,821	5,547	15,368	10,317
Accrued liabilities	9,863	6,898	16,761	2,034
Due to other funds	0	172,672	172,672	167,681
Deferred revenue	23,500	0	23,500	23,500
Capital leases payable -				
Due within one year	36,090	0	36,090	35,135
Due in more than one year	73,347	0	73,347	108,437
Total liabilities	152,621	185,117	337,738	349,527
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	158,245	411,822	570,067	522,178
Restricted	174,801	0	174,801	147,035
Unrestricted	671,172	(153,304)	517,868	481,085
Total net assets	\$1,004,218	\$258,518	\$1,262,736	\$1,150,297
	=====	=====	=====	=====

The accompanying notes to the financial statements are an integral part of this statement

Village of Grosse Tete, Louisiana  
Statement of Activities  
For the Year Ended December 31, 2007 and 2006

Functions/Programs	Program Revenues			Net (Expense)Revenue and Changes in Net Assets		
	Expenses	Charges for		Governmental Activities	Business-type Activities	2006 Total
		Services	Operating Grants and Contributions	Capital Grants and Contributions		
<b>Primary government:</b>						
Governmental activities -						
General government	187,876	0	0	0	(187,876)	(273,459)
Public safety	181,274	27,582	0	2,461	(151,231)	(117,440)
Public services	219,796	3,592	0	45,000	(171,204)	(113,556)
Health	4,560	0	0	0	(4,560)	(3,565)
Culture and recreation	22,655	0	1,000	0	(21,655)	(6,028)
Interest on long-term debt	7,944	0	0	0	(7,944)	(9,162)
Total governmental activities	624,105	31,174	1,000	47,461	(544,470)	(523,210)
<b>Business-type activities -</b>						
Water utilities	175,024	109,587	0	0	(65,437)	(48,175)
Total business-type activities	175,024	109,587	0	0	(65,437)	(48,175)
Total Primary Government	\$ 799,129	\$ 140,761	\$ 1,000	\$ 47,461	\$ (609,907)	\$ (571,385)
<b>General revenues</b>						
Taxes				43,294	0	46,710
License and permits				37,040	0	41,563
Intergovernmental				608,293	0	555,773
Investment income				24,549	318	13,878
Gain (Loss) on disposal of assets				3,500	0	(416)
Other income				5,352	0	8,352
Transfers In/(Out)				(40,000)	40,000	0
Total general revenues and transfers				682,028	40,318	665,860
Change in net assets				137,558	(25,119)	94,475
Net assets, January 1,				866,660	283,637	1,055,822
Net assets, December 31,				\$1,004,218	\$258,518	\$1,262,736
						\$1,150,297

**Village of Grosse Tete, Louisiana**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2007 and 2006**

	<b>General Fund</b>	<b>Special Revenue Fire Protection Fund</b>	<b>2007 Total</b>	<b>2006</b>
<b>ASSETS</b>				
Cash and cash equivalents -				
Cash on hand and in banks	\$46,995	\$81,925	\$128,920	\$128,528
Investments in LAMP	123,682	0	123,682	39,309
Investment in Certificates of Deposit	286,053	109,528	395,581	380,060
Receivables (net)	9,783	0	9,783	10,535
Accrued Interest	4,088	568	4,656	0
Due from other funds	199,637	0	199,637	193,348
Due from other governments	34,108	7,414	41,522	72,603
Prepaid expenses	6,464	5,031	11,495	12,656
	-----	-----	-----	-----
Total Assets	\$710,810	\$204,466	\$915,276	\$837,039
	=====	=====	=====	=====
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts payable	\$8,357	\$1,464	\$9,821	\$10,317
Accrued liabilities	8,627	1,236	9,863	1,765
Due to other funds	0	26,965	26,965	25,667
Deferred revenue	23,500	0	23,500	23,500
	-----	-----	-----	-----
Total Liabilities	40,484	29,665	70,149	61,249
	-----	-----	-----	-----
Fund Balances -				
Reserved	0	174,801	174,801	147,035
Unreserved	670,326	0	670,326	628,755
	-----	-----	-----	-----
Total Fund Balances	670,326	174,801	845,127	775,790
	-----	-----	-----	-----
Total Liabilities and Fund Balances	\$710,810	\$204,466	\$915,276	\$837,039
	=====	=====	=====	=====

The accompanying notes to the financial statements are an integral part of this statement.

**Village of Grosse Tete, Louisiana**  
**Reconciliation of the Balance Sheet to the Statement of Net Assets**  
**Governmental Funds**  
**December 31, 2007 and 2006**

	<b>2007</b>	<b>2006</b>
<b>Fund Balances - total governmental funds</b>	\$ 845,126	\$ 775,790
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources therefore are not reported in governmental funds		
Governmental capital assets	1,446,725	1,346,032
Less: accumulated depreciation	(1,178,196)	(1,111,590)
	<hr/> 268,529	<hr/> 234,442
Capital leases payable	(109,437)	(142,572)
<b>Net Assets of Governmental Funds</b>	<hr/> \$1,004,218 <hr/> <hr/>	<hr/> \$867,660 <hr/> <hr/>

The accompanying notes to the financial statements are an integral part of this statement.

Village of Grosse Tete, Louisiana  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**Years ended December 31, 2007 and 2006**

	General Fund	Special Revenue Fire Protection Fund	Total	2006
<b>REVENUES:</b>				
Taxes	\$43,294	\$0	\$43,294	\$46,710
License and permits	37,040	0	37,040	41,563
Intergovernmental revenue	481,780	126,513	608,293	557,467
Grants	46,000	2,461	48,461	10,358
Fines and forfeitures	27,582	0	27,582	28,214
Interest income	19,835	4,714	24,549	13,564
Sale of fixed assets	0	3,500	3,500	0
Miscellaneous	8,348	595	8,943	8,489
	-----	-----	-----	-----
Total revenues	663,880	137,783	801,663	706,365
<b>EXPENDITURES:</b>				
Current -				
General government	181,994	0	181,994	267,793
Public safety	69,119	64,627	133,746	86,269
Public works - Highways and streets	201,745	0	201,745	95,122
Health	4,560	0	4,560	3,565
Culture & recreation	18,261	0	18,261	3,796
Capital Outlay -				
General government	2,187		2,187	7,709
Public safety	18,193	3,312	21,505	21,921
Public works	72,076	0	72,076	12,086
Culture & recreation	14,175	0	14,175	0
Debt Service				
Principal	0	34,135	34,135	32,286
Interest	0	7,944	7,944	9,162
	-----	-----	-----	-----
Total expenditures	582,309	110,018	692,326	539,708
	-----	-----	-----	-----
Excess Revenues Over (Under) Expenditures	81,571	27,765	109,336	166,657
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In/(Out)	(40,000)	0	(40,000)	(24,235)
	-----	-----	-----	-----
Total Other Financing Sources (Uses)	(40,000)	0	(40,000)	(24,235)
	-----	-----	-----	-----
Net Change in Fund Balances	41,571	27,765	69,336	142,422
<b>FUND BALANCE:</b>				
Beginning of Year	628,755	147,035	775,790	633,368
	-----	-----	-----	-----
End of Year	\$670,326	\$174,800	\$845,126	\$775,790
	=====	=====	=====	=====

The accompanying notes to the financial statements are an integral part of this statement.

**Village of Grosse Tete, Louisiana**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances to the Statement of Activities**  
**Governmental Funds**  
**Year Ended December 31, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>Net Change in Fund Balances - total governmental funds</b>	\$ 69,336	\$ 142,422

Amounts reported for governmental activities in Statement of Net Assets  
are different because:

Governmental funds report capital outlays as expenditures. However, in  
the Statement of Activities, the cost of those assets is depreciated  
over their estimated useful lives:

Expenditures for capital assets	109,943	41,715
Less current year depreciation	(75,856)	(97,908)
Loss on disposal of capital assets (cost less accumulated depr)	-	(416)
	-----	-----
	34,087	(56,609)

The issuance of long-term debt (e.g., bonds, leases) provides current financial  
resources to governmental funds, while repayment of the principal of long-term  
debt consumes the current financial resources of governmental funds.  
Neither transaction, however, has any effect on net assets. Also,  
governmental funds report the effects of issuance costs, premiums,  
discounts and similar items when debt is first issued, whereas these  
amounts are deferred and amortized in the statement of activities.

Issuance of Long Term Debt - Capital Lease	-	-
Repayment of principal of Long Term Debt	34,135	32,286

<b>Change in Net Assets of Governmental Funds</b>	-----	-----
	\$137,558	\$118,099
	=====	=====

The accompanying notes to the financial statements are an integral part of this statement.

**Village of Grosse Tete, Louisiana**  
**Statement of Net Assets**  
**Proprietary Funds**  
**For the Year Ended December 31, 2007 and 2006**

	<b>- Business-type Activities - Enterprise Fund - Utility System</b>	
<b>ASSETS</b>	<b>2007</b>	<b>2006</b>
Current assets -		
Cash and cash equivalents	\$6,918	\$0
Investments	7,380	7,100
Accounts receivable (net of allowance for uncollectibles of \$2,000 for 2007 and 2006)	16,392	14,521
Accrued interest	38	0
Prepaid expenses	1,084	1,081
Total Current Assets	31,813	22,702
Plant and Equipment, at cost, net of accumulated depreciation of \$260,689 for 2007 and \$235,277 for 2006	411,822	431,309
Total Assets	\$443,635	\$454,011
	=====	=====
<b>LIABILITIES</b>		
Current liabilities -		
Bank overdraft	\$0	\$2,424
Accounts payable	5,547	-
Accrued liabilities	6,898	269
Due to other funds	172,672	167,681
Total Current Liabilities	185,117	170,374
Total Liabilities	185,117	170,374
	=====	=====
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	411,822	431,309
Unrestricted	(153,304)	(147,672)
Total Net Assets	\$258,518	\$283,637
	=====	=====

The accompanying notes to the financial statements are an integral part of this statement.



**Village of Grosse Tete, Louisiana**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Fund**  
**Year ended December 31, 2007 and 2006**

**- Business-type Activities -**  
**Enterprise Fund - Utility System**

	2007	2006
<b>OPERATING REVENUES</b>		
Charges for services	\$104,755	\$108,059
Connection/reconnection fees	1,085	2,570
Penalty charges	1,649	1,730
Miscellaneous operating income	2,098	2,163
	-----	-----
Total Operating Revenue	109,587	114,522
<b>OPERATING EXPENSES</b>		
Salaries and benefits	48,241	65,813
Depreciation	25,412	20,776
Tools and supplies	3,420	6,900
Repairs and maintenance	0	2,569
Postage, printing and office supplies	447	1,143
Insurance and bonds	6,602	2,176
Professional services	8,860	4,549
Sewer expenses	10,566	5,701
Water purchases - Water District 4	67,368	63,890
Utilities	2,601	3,909
Miscellaneous	1,507	271
	-----	-----
Total Operating Expense	175,024	177,697
	-----	-----
Operating Income (Loss)	(65,437)	(63,175)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest income	318	314
State grants	0	15,000
	-----	-----
Total Nonoperating Revenues (Expenses)	318	15,314
	-----	-----
Income (Loss) before transfers	(65,119)	(47,861)
Transfers in - General fund	40,000	24,235
	-----	-----
Change in net assets	(25,119)	(23,625)
Total net assets, beginning of year	283,637	307,262
	-----	-----
Total net assets, end of year	\$258,518	\$283,637
	=====	=====

The accompanying notes to the financial statements are an integral part of this statement.

**Village of Grosse Tete, Louisiana**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**Year ended December 31, 2007 and 2006**

**- Business-type Activities -**  
**Enterprise Fund - Utility System**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

	<b>2007</b>	<b>2006</b>
Cash received from customers	\$ 107,714	\$ 113,978
Cash payments for goods and services	(90,033)	(64,309)
Cash payments for salaries	(42,414)	(65,813)
Net Cash Provided by (Used for) Operating Activities	(24,733)	(16,145)

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

Transfers in from general fund	40,000	24,235
Net Cash Provided by (Used for) Noncapital financing activities	40,000	24,235

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Acquisition and construction of capital assets	(5,925)	(50,775)
State Grant	0	35,225
Net Cash Provided by (Used for) Capital and Related Financing Activities	(5,925)	(15,550)

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest on Investments	0	71
Other	0	1,417
Net Cash Provided by (Used for) Investing Activities	0	1,488

**INCREASE (DECREASE) IN CASH**

9,342 (5,972)

**CASH AND CASH EQUIVALENTS, BEGINNING**

(2,424) 3,548

**CASH AND CASH EQUIVALENTS, ENDING**

\$ 6,918 \$ (2,424)

**RECONCILIATION OF OPERATING INCOME TO NET CASH  
PROVIDED BY (USED FOR) OPERATING ACTIVITIES**

Operating income (loss)	(65,437)	(63,175)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation	25,412	20,776
Bad debt expense	0	0
Net Changes in Assets and Liabilities -		
(Increase) decrease in accounts receivable - customers	(1,871)	(545)
(Increase) decrease in prepaid expenses	(3)	(6)
Increase (decrease) in accounts payable	5,546	(1,293)
Increase (decrease) in accrued liabilities	6,629	50
Increase (decrease) in due to other funds	4,991	28,048
Total adjustments	40,704	47,030

**Net Cash provided by (used for) operating activities**

\$ (24,733) \$ (16,145)

The accompanying notes to the financial statements are an integral part of this statement.

Village of Grosse Tete, Louisiana  
Notes to the Financial Statements  
December 31, 2007

## **Introduction**

The Village of Grosse Tete, (the Village) was incorporated and operated under the provisions of Title 33, Chapter 2, Part I of the Revised Statutes of Louisiana (R.S. 33:321 et seq.) commonly known as the Lawrason Act. The Village is governed by a publicly elected mayor and three aldermen. The Village provides general government and public safety (police and fire protection) services, maintains streets, street lighting and highways, and provides water and sewer services to its approximately 670 residents. The Village has approximately 25 employees

### **1. Summary of Significant Accounting Policies**

The accompanying basic financial statements of the Village of Grosse Tete have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Village's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999.

### **Reporting Entity**

The Village's basic financial statements include the accounts of all Village operations. For financial reporting purposes, in conformance with GASB's Codification of Governmental Accounting and Financial Reporting Standards, and Financial Reporting Standards, the Village includes all funds that are controlled by the Village.

GASB Statement No. 14, *The Financial Reporting Entity*, established criteria for determining which component units should be considered part of a larger governmental reporting entity for financial reporting purposes. Under provisions of this Statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its taxes or set rates or charges, and issue bonded debt. The municipality has oversight of other component units that are, either, blended into the municipalities basic financial statements or discretely presented in a separate column in the government-wide financial statements.

Based on the aforementioned criteria, the Village of Grosse Tete has no component units.

Village of Grosse Tete, Louisiana  
Notes to the Financial Statements  
December 31, 2007

**1. Summary of Significant Accounting Policies (Continued)**

**Basic Financial Statements – Government–Wide Statements**

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type.

In the government-wide Statement of Net Assets, the business-type column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Village utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions. The net costs by function are normally covered by general revenue.

This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net assets resulting from the current year's activities.

Program revenues – Program revenues included in the column labeled Statement of Activities are derived directly from Utility System users as a fee for services; program revenues reduce the cost of the function to be financed from the Village's general revenues

**Basic Financial Statements – Fund Financial Statements**

The financial transactions of the Village are reported in individual funds in the financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund presented in the financial statements is described as follows:

**Governmental Funds:** Governmental Funds are those through which general governmental functions of the Village are financed. The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of current financial resources) rather than upon net income. Expendable assets are assigned to funds according to the purpose for which they may be used. Current liabilities are assigned to funds from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period operations of the Village.

Village of Grosse Tete, Louisiana  
Notes to the Financial Statements  
December 31, 2007

**1. Summary of Significant Accounting Policies (Continued)**

**Basic Financial Statements – Fund Financial Statements (Continued)**

**General Fund** - The General Fund is the main operating fund of the Village. It is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue resources (other than assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

**Proprietary Fund Types:** Proprietary Funds are accounted for on a flow of economic resources measurement focus. The accounting objectives are a determination of net income, financial position and changes in cash flow. All assets and liabilities associated with a Proprietary Fund's activities are included on its balance sheet. The following are the Village's Proprietary Funds:

**Enterprise Fund** - Used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing water and sewer services to the general public on a continuing basis are financed through user charges.

**Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recognized when the related liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Village of Grosse Tete, Louisiana  
Notes to the Financial Statements  
December 31, 2007

**1. Summary of Significant Accounting Policies (Continued)**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

**Budgets**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, capital improvement and debt service funds. All annual appropriations lapse at fiscal year end.

**Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized in the governmental funds. Encumbrances outstanding at year end are immaterial and not reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

**Non-operating revenue and expense**

The Village's proprietary fund distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses of the Village's water and sewer fund consists of charges for services (including tap fees) and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as non-operating.

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Proprietary Fund considers cash balances above the day to day needs and funds invested in demand deposits, certificates of deposit, obligations of the U. S. Treasury, federal agencies, or U. S. government instrumentalities with original maturities of 90 days or less to be cash equivalents. Investments in Louisiana Asset Management Pool (LAMP) are also considered cash equivalents. LAMP assets are restricted to maturities of 90 days or less, at balance sheet date.

Village of Grosse Tete, Louisiana  
Notes to the Financial Statements  
December 31, 2007

**1. Summary of Significant Accounting Policies (Continued)**

**Investments**

State statutes authorize the Village to invest in any direct obligation of the United States Treasury, other debt issued or guaranteed by the full faith and credit of the United States, certificates of deposit of any bank in Louisiana, mutual funds which are registered with the Securities and Exchange Commission and invest in securities of the U. S. government or its agencies, guaranteed investment contracts issued by banks or insurance companies or investment grade commercial paper of domestic U. S. Corporations.

In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the state laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at market value.

**Short Term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" on the balance sheet. Short term interfund loans, if any, are classified as "interfund receivables/payables."

**Inventories**

Purchases of operating supplies are recorded as expenditures when purchased; inventories of such supplies are not recorded and are not considered by management to be material.

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31 are recorded as prepaid items.

**Restricted/Unrestricted Net Assets**

Net assets that are classified as "restricted" are those net assets attributable to the special revenue fund established to account for Iberville parish sales tax revenue specifically designated by law for use in providing fire protection for the citizens of the Village and can only be utilized for that purpose. Unrestricted net assets are those of the general fund and utility funds and are utilized for all other purposes related to providing general governmental and water and sewer services to the citizens of the Village.

Village of Grosse Tete, Louisiana  
Notes to the Financial Statements  
December 31, 2007

**1. Summary of Significant Accounting Policies (Continued)**

**Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary fund. Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Donated assets are reported at fair market value as of the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	40 Years
Land improvements	20 Years
Water distribution system	20 Years
Mowers, tractors and attachments	15 Years
Fire trucks	15 Years
Fire fighting equipment	10 Years
Light trucks & equipment	5 Years

The Village has elected to implement GASBS No. 34 in so much as it relates to infrastructure on a prospective basis (no retroactive application). GASBS No. 34 requires the Village to report and depreciate new infrastructure assets effective with the beginning of the year of implementation. Infrastructure assets include roads, underground pipe (other than related to utilities), etc. These infrastructure assets are likely to be the largest asset class of the Village. Neither their historical cost nor related depreciation has historically been reported in the financial statements.

**Long-Term Debt**

Long term debt obligations to be repaid from governmental and business type resources are reported as liabilities in the government-wide statements.

Long term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest are reported as expenditures in the fund statements.

The reporting of long term debt in the proprietary statements is the same in the fund statements as it is in the government-wide statements.



Village of Grosse Tete, Louisiana  
Notes to the Financial Statements  
December 31, 2007

**1. Summary of Significant Accounting Policies (Continued)**

**Fund Equity - Equity Classifications**

Government Wide Financial Statements

In the Government Wide Financial Statements equity is classified as net assets and displayed in three components:

- A. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- B. Restricted net assets – Consists of net assets with constraints placed on the use either by: external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provisions or enabling legislation
- C. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Fund Financial Statements

In the Fund Financial Statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government wide financial statements.

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Village of Grosse Tete, Louisiana  
Notes to the Financial Statements  
December 31, 2007

## 2. Stewardship, Compliance and Accountability – Budgets

The Village follows these procedures in establishing the budgetary data reflected in the financial statements.

- A. The Village Clerk prepares a proposed budget for submission to the Mayor and Board of Aldermen no later than 15 days prior to the beginning of the ensuing fiscal year.
- B. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called. A public hearing is held on the proposed budget at least 10 days after publication of the call for the hearing.
- C. After the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
- D. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
- E. Formal budgetary integration is employed as a management control device during the year for the General Funds.
- F. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles.
- G. Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen. Such amendments are not material in relation to the original appropriations.

## 3. Deposits (Cash) and Investments

**Deposits (Cash)** Under State law, federal deposit insurance or the pledge of securities owned by the fiscal agent bank must secure these deposits (bank balances). The market value of the pledged securities plus the federal deposit insurance must at all time equal the amount on deposit with the fiscal bank. At year end the book balance of the Village's deposits totaled \$133,103 and the bank balance was \$147,433 which was insured from risk by federal deposit insurance and the pledge of securities valued at \$47,433.

**Investments** Investments held at December 31, 2007 include \$123,682 invested in the Louisiana Asset Management Pool, Inc. (LAMP) (see Summary of Significant Accounting Policies). In accordance with GASB Codification Section I50.165, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section I50.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. The LAMP portfolio includes only securities and other obligations in which local governments are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U. S. Treasury, the U. S. government or one of its agencies, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP issues a publicly available financial report that included financial statements and required supplementary information for MPERS. The report may be obtained by calling 1-800-272-8162.

Village of Grosse Tete, Louisiana  
Notes to the Financial Statements  
December 31, 2007

**3. Deposits (Cash) and Investments (Continued)**

Change in Investments having a maturity of greater than ninety days:

Certificates of Deposit	Cost	Fair Value
Balance, December 31, 2006	\$ 387,160	\$ 387,160
Add:		
Investment purchases	-	-
Capitalized interest	15,800	15,800
Less:		
Investment maturities	-	-
Balance, December 31, 2007	<u>\$ 402,960</u>	<u>\$ 402,960</u>

**Custodial Risk of Investments**

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the Village will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are insured and are not registered in the name of the Village and are held by either the counter-party's trust department or agents but not in the Village's name. The Village has no custodial credit risk at December 31, 2007 since all investments were registered in the name of the Village of Grosse Tete and held in the possession of the Village's custodial bank, or brokers.

**Interest Rate Risk**

As of December 31, 2007, the Village of Grosse Tete's investments consisted of Certificates of Deposit, consequently, the Village has minimal credit risk. The Certificates of Deposit have various maturities ranging from 12 months to three years.

Village of Grosse Tete, Louisiana  
Notes to the Financial Statements  
December 31, 2007

**4. Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales taxes and franchise taxes. Business-type activities report utilities earnings and grant revenue as it's major receivable.

The following is a summary of receivables for December 31, 2007, net of allowances for uncollectible accounts where applicable:

Class of Receivable	Special			2007	2006
	General Fund	Revenue Fund	Proprietary Fund		
Taxes:					
Franchise	\$ 8,717	\$ -	\$ -	\$ 8,717	\$ 9,469
Intergovernmental:					
Parish sales tax	23,583	7,874	-	31,457	46,993
State video poker tax	9,361	-	-	9,361	22,217
State beer tax	317	-	-	317	333
Highway Maintenance	847	-	-	847	-
Village of Rosedale	-	(461)	-	(461)	3,059
Customer Accounts	1,066	-	16,392	17,458	15,587
	<u>\$ 43,891</u>	<u>\$ 7,413</u>	<u>\$ 16,392</u>	<u>\$ 67,697</u>	<u>\$ 97,658</u>

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The following details the description and amount of the allowance for uncollectible accounts at December 31, 2007:

Class of Receivable	Special			Total
	General Fund	Revenue Fund	Proprietary Fund	
Customer Accounts	\$ -	\$ -	\$ 2,000	\$ 2,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>

Village of Grosse Tete, Louisiana  
Notes to the Financial Statements  
December 31, 2007

## 5. Capital Assets

A summary of the general capital assets is as follows:

	Balance <u>1/1/2007</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>12/31/2007</u>
<b>Governmental Activities</b>				
Non-depreciable: Land	0			0
Construction in progress	6,500			6,500
<b>Total Non-depreciable</b>	<u>6,500</u>	<u>0</u>	<u>0</u>	<u>6,500</u>
Depreciable:				
Buildings & Improvements	302,893	14,175		317,068
Office furniture & equipment	30,854	2,187		33,041
Machinery & equipment	215,245	0		215,245
Vehicles	73,233	18,193		91,426
Park	24,649	0		24,649
Waterlines & hydrants	17,228	0		17,228
Sidewalk & street improvements	18,970	72,076		91,046
Fire vehicles & equipment	656,461	3,312	(9,250)	650,523
<b>Total Depreciable</b>	<u>1,339,532</u>	<u>109,943</u>	<u>(9,250)</u>	<u>1,440,225</u>
Less: Accumulated depreciation				
Buildings & Improvements	273,728	8,717		282,445
Office furniture & equipment	21,476	2,697		24,173
Machinery & equipment	172,025	19,852		191,876
Vehicles	57,795	9,374		67,169
Park	23,581	267		23,848
Waterlines & hydrants	9,428	1,300		10,728
Sidewalk & street improvements	2,905	3,894		6,798
Fire vehicles & equipment	550,653	29,756	(9,250)	571,158
<b>Total</b>	<u>1,111,590</u>	<u>75,856</u>	<u>(9,250)</u>	<u>1,178,196</u>
Net Book Value	<u>227,942</u>			<u>262,029</u>
Governmental Activities Capital Assets, net	<u>\$234,442</u>			<u>\$268,529</u>

Village of Grosse Tete, Louisiana  
Notes to the Financial Statements  
December 31, 2007

**5. Capital Assets (Continued)**

A summary of proprietary fund type property, plant and equipment at December 31, 2007 follows:

	Balance <u>1/1/2007</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>12/31/2007</u>
<b>Business-type Activities</b>				
Non-depreciable				
Construction in progress	\$ -			\$ -
Total	20,620	0	0	0
Depreciable:				
Water system	326,883	5,925		332,808
Sewer system	335,888			335,888
Machinery & equipment	3,815			3,815
Total	670,631	5,925	0	672,511
Less: Accumulated depreciation				
Water system	195,074	18,694		213,769
Sewer system	36,388	6,718		43,106
Machinery & equipment	3,815	0		3,815
Total	248,431	25,412	0	260,689
Business-type Activities Capital Assets, net	<u>\$ 442,820</u>			<u>\$ 411,822</u>

**6. Long Term Debt**

The reporting entity's long term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

**Governmental Activities:**

On October 20, 2000, the Village entered into a municipal lease agreement with Emergency One, Inc. for the lease of a fire truck. The terms of the lease are for eight annual rental payments of \$29,122. The payments bear interest at 5.99%. The lease is cancelable on any anniversary date or at any time by paying a pro rata portion of the annual payment due. The lease agreement qualifies as a capital lease for accounting purposes (title transfers at the end of the lease term) and therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception.

Village of Grosse Tete, Louisiana  
Notes to the Financial Statements  
December 31, 2007

**6. Long Term Debt (Continued)**

Additionally, on November 28, 2005, the Village entered into a municipal lease agreement with Emergency One, Inc. for the lease of a 2004 fire truck. The terms of the lease are for ten annual rental payments of \$12,829.89. The payments bear interest at 4.90%. The lease agreement qualifies as a capital lease for accounting purposes (title transfers at the end of the lease term) and therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception.

The following is a schedule of the future minimum lease payments anticipated under both capital leases and the present value of the net minimum lease payments at December 31, 2007.

Year	2000 Lease		2005 Lease		Total
	Principal	Interest	Principal	Interest	
2008	27,476	1,646	8,614	4,016	41,752
2009			9,036	3,594	12,630
2010			9,479	3,151	12,630
2011			9,943	2,687	12,630
2012			10,430	2,200	12,630
2013			10,941	1,687	12,628
2014			11,478	1,152	12,630
2015			12,040	590	12,630
	\$ 27,476	\$ 1,646	\$ 81,961	\$ 19,077	\$ 130,160
Less: Interest					(20,723)
Present value of future minimum lease payments					<u>\$ 109,437</u>

The following is a summary of changes in long term debt for the year ended December 31, 2007:

Type of Debt	Balance at 1/1/2007	Additions	Deductions	Balance at 12/31/2007	Amounts Due In One Year
Governmental Activities:					
Fire Truck Lease - Pumper	\$ 53,400	\$ -	\$ 25,923	\$ 27,476	\$ 27,476
Fire Truck Lease - Ranger	90,172	-	8,211	81,961	8,614
	<u>\$ 143,572</u>	<u>\$ -</u>	<u>\$ 34,135</u>	<u>\$ 109,437</u>	<u>\$ 36,090</u>





Village of Grosse Tete, Louisiana  
Notes to the Financial Statements  
December 31, 2007

**7. Interfund Receivables/Payables**

<u>Due To/From Other Funds:</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
	General	Fire	\$ 26,965
	General	Utility	172,672
			<u>\$ 199,637</u>

**8. Retirement Commitments**

Municipal Employees' Retirement System (MERS) -

*Plan Description* Substantially all of the Village of Grosse Tete's full time employees participate in the Municipal Employees' Retirement System - Plan "A", a cost sharing multiple-employer defined benefit pension plan administered by a separate Board of Trustees. All Village full-time employees are eligible to participate in the System. MERS provides retirement, disability, and survivor benefits to participating eligible employees. Benefits are established and amended by State statute. The Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for MERS. The report may be obtained by calling 1-225-925-4810.

*Funding Policy* The payroll for employees covered by the System for the year ended December 31, 2007 was \$134,595; the Village's total payroll was \$269,345. Plan members are required by State statute to contribute 9.25% of their annual covered salary and employers are required to contribute at an actuarially determined rate. The current employer rate is 16.25% (January through June) and 13.50% (July through December) of the employee's eligible compensation to the System. The contribution requirements of plan members and employers are established by, and may be amended by state law. The contribution requirement for the year ended December 31, 2007 was \$32,470 which consisted of \$20,020 from the Village and \$12,450 from employees.

Village of Grosse Tete, Louisiana  
Notes to the Financial Statements  
December 31, 2007

Municipal Police Employees Retirement System (MPERS) –

*Plan Description* All of the Village's full time police employees participate in the MPERS, a cost-sharing, multiple-employer defined benefit pension plan administered by a separate Board of Trustees. MPERS provides retirement, disability and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute. MPERS issues a publicly available financial report that includes financial statement and required supplementary information. This report may be obtained by writing to Municipal Police Employees Retirement System, 8401 United Plaza Boulevard, Suite 270, Baton Rouge, Louisiana 70809, or by calling (225) 929-7411.

*Funding Policy* Plan members are required by state statute to contribute 7.5% of their annual covered salary and employers are required to contribute at an actuarially determined rate. The employer rates were 15.50% (January through June) and 13.75% (July through December) of annual covered payroll. The contribution requirements of plan members and the employer are established by, and may be amended by actuarial valuation and are subject to change each year based on results of the valuation for the prior fiscal year. Contributions to MPERS for the years ending December 31, 2007, and 2006 were \$4,202 and \$4,232, respectively, and were equal to the required contributions for each year.

**9. Compensated Absences**

The Village of Grosse Tete grants eligible employees paid leave. The policy allows for annual leave to be earned based on length of employment as follows:

- Five days annual leave shall be earned on the anniversary date of employment of each permanent employee with less than five years of service.
- Ten days annual leave shall be earned on the anniversary date of employment of each employee with five or more full years of service of permanent service.

Annual leave may not be carried over or accumulated from one anniversary date of employment to another. At December 31, 2007, the amount of unused annual leave was immaterial and therefore was not recorded in the financial statements.

**10. Risk Management**

The Village is exposed to various risks of loss related to torts; theft and damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Village purchases commercial insurance at levels which management believes is adequate to protect against risk of loss in these areas: workers' compensation liability, general liability, law enforcement liability, public officials' errors and omissions, automobile liability and physical damage coverage and property fire coverage. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three years. There have been no significant reductions in coverage since the prior year

Village of Grosse Tete, Louisiana  
Notes to the Financial Statements  
December 31, 2007

**11. Economic Dependence**

The Village of Grosse Tete received 53% of its total revenue from parish sales tax. Proceeds of the 1% sales tax are to be used for the purposes of opening, constructing, paving and improving streets, sidewalks, roads and alleys, constructing bridges, purchasing or constructing waterworks, sewers, drains, drainage canals, pumping plants, sewerage disposal works, light and power plants, gas plants, halls, jails, fire departments' stations, and equipment, hospitals, auditoriums, public parks, natatoriums, libraries, docks, wharves, river terminals and other public buildings, including the necessary equipment and furnishings there for. The 2/3% sales and use tax are dedicated to be used by the Village to pay the cost of capital outlay projects; to maintain and operate public facilities, to administer local governments, and to provide other lawful services. Additionally, proceeds of the 2/3% sales and use tax provided by the Iberville Parish Council are dedicated for fire protection for the Village.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Village of Grosse Tete, Louisiana**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2007 and 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>	<u>2006</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>	<u>Actual Amounts</u>
				<u>Over (Under)</u>	<u>(Budgetary Basis)</u>
<b>REVENUES</b>					
Taxes	\$60,000	\$60,000	\$43,294	(\$16,706)	\$46,710
Licenses and permits	40,000	40,000	37,040	(2,960)	41,563
Intergovernmental revenue	482,900	532,900	481,780	(51,120)	435,471
Grants	76,500	76,500	46,000	(30,500)	10,358
Fines	25,000	26,000	27,582	1,582	28,214
Interest	1,500	3,500	19,835	16,335	9,955
Miscellaneous	1,500	2,500	8,348	5,848	6,812
Total revenue	687,400	741,400	663,880	(77,520)	579,083
<b>Expenditures - Current</b>					
General government	293,700	307,700	181,994	(125,706)	267,793
Public safety - Police	63,600	64,600	69,119	4,519	42,297
Public works - Highways and streets	162,050	162,050	201,745	39,695	95,122
Health	4,050	4,050	4,560	510	3,565
Culture and recreation	4,000	8,000	18,261	10,261	3,796
Total current expenditures	527,400	546,400	475,678	(70,722)	412,573
<b>Capital outlays -</b>					
General government	25,000	60,000	2,187	(57,813)	7,709
Public safety - Police	20,000	20,000	18,193	(1,807)	9,784
Highways and streets	95,000	95,000	72,076	(22,924)	12,086
Culture and recreation	20,000	20,000	14,175	(5,825)	0
Total capital outlay	160,000	195,000	106,631	(88,369)	29,578
Total Expenditures	687,400	741,400	582,309	(159,091)	442,151
Excess (Deficiency) of Revenue Over Expenditures	0	0	81,571	81,571	136,932
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers (out)	0	0	(40,000)	(40,000)	(24,235)
Total Other Financing Sources (Uses)	0	0	(40,000)	(40,000)	(24,235)
Excess (Deficiency) of Revenue and other Financing Sources over Expenditures and Other Financing Uses	0	0	41,571	41,571	112,697

**Explanation of Differences between Budgetary Revenues and Expenditures and GAAP Revenues and Expenditures**

Revenues - No differences

Expenditures -

Actual amounts from the budgetary schedule	\$	582,309	\$	442,151
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Differences - Budget to GAAP

Expenditures for Capital outlays	(106,631)	(29,578)
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Depreciation on General Fund capital assets	46,100	42,158
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Expenditures GAAP Basis	\$	521,778	\$	454,731
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**Village of Grosse Tete, Louisiana**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund - Fire Protection**  
**For the Year Ended December 31, 2007 and 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>	<u>2006</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>	<u>Actual Amounts</u>
				<u>Over (Under)</u>	<u>(Budgetary Basis)</u>
<b>Revenues</b>					
Intergovernmental					
Iberville Parish shared revenue	\$137,700	\$137,700	\$126,513	(\$11,187)	\$121,996
Grants	0	0	2,461	2,461	0
Interest income	3,600	3,600	4,714	1,114	3,609
Miscellaneous	500	500	4,095	3,595	1,677
Total revenue	141,800	141,800	137,783	(4,017)	127,282
<b>Expenditures</b>					
Public safety - Fire	86,800	86,800	64,627	(22,173)	43,972
Capital outlay	12,000	12,000	3,312	(8,688)	12,137
Debt Service					
Principal and interest	43,000	43,000	42,079	(921)	41,448
Total expenditures	141,800	141,800	110,018	(31,782)	97,557
Excess (Deficiency) of Revenue					
Over Expenditures	0	0	27,765	27,765	29,725
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from capital lease financing			0	0	0
Operating transfers (in)out			0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Excess (Deficiency) of Revenue and other					
Financing Sources over Expenditures and					
Other Financing Uses	\$ -	\$ -	\$ 27,765	\$ 27,765	\$ 29,725
<b>Explanation of Differences between Budgetary Revenues and Expenditures</b>					
<b>and GAAP Revenues and Expenditures</b>					
<b>Revenues - No differences</b>					
<b>Expenditures -</b>					
Actual amounts from the budgetary schedule			\$ 110,018		\$ 97,557
<b>Differences - Budget to GAAP</b>					
Expenditures for Capital outlays			(3,312)		(12,137)
Expenditures for Debt service - Principal			(34,135)		(32,286)
Depreciation on Special Revenue Fund capital assets			29,756		55,750
Expenditures GAAP Basis			\$ 102,327		\$ 108,884

## **OTHER SUPPLEMENTARY INFORMATION**

Village of Grosse Tete, Louisiana  
Schedule of Per Diem and Paid to the Mayor and Board Members  
Year ended December 31, 2007

	<b>Total</b>
Mayor -	
Michael Chauffe	\$14,400
Members of the Board of Aldermen -	
Lawrence David	6,000
Juanita J. Hill	6,000
Richard David	6,000
	-----
	\$32,400
	=====



**REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

**W. Kathleen Beard**  
**Certified Public Accountant**  
10191 Bueche Rd. - Erwinville, LA 70729  
(225) 627-4537 - FAX (225) 627-4584

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and  
Members of the Board of Aldermen  
Village of Grosse Tete, Louisiana

I have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of the Village of Grosse Tete, Louisiana, as of and for the year ended December 31, 2007, which collectively comprise the Village of Grosse Tete's basic financial statements and have issued my report thereon dated June 23, 2008. I have conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Village of Grosse Tete, Louisiana's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Grosse Tete, Louisiana's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Village of Grosse Tete, Louisiana's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village of Grosse Tete, Louisiana's ability to initiate, authorize, record, process, or report financial data reliably, in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Village of Grosse Tete, Louisiana's financial statements that is more than inconsequential will not be prevented or detected by the Village of Grosse Tete, Louisiana's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of Grosse Tete, Louisiana's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

#### Compliance

As part of obtaining reasonable assurance about whether the Village of Grosse Tete, Louisiana's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

This report is intended for the information of the mayor and members of the Board of Aldermen of the Village of Grosse Tete, Louisiana and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*W. Kathleen Beard*

Certified Public Accountant

June 23, 2008

**Village of Grosse Tete, Louisiana**  
**Schedule of Findings and Questioned Costs**  
**December 31, 2007**

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**Current Year Findings:**

**Section I - Summary of Audit Results**

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the Village of Grosse Tete.
2. No significant deficiencies were disclosed during the audit of the basic financial statements in the report on internal control over financial reporting and on compliance based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the basic financial statements of the Village of Grosse Tete were disclosed during the audit.

**Section II – Financial Statement Findings**

There were no findings

**Village of Grosse Tete, Louisiana**  
**Schedule of Findings and Questioned Costs**  
**December 31, 2007**

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**Prior Year Findings:**

**Section II – Internal Control and Compliance Material to the Financial Statements:**

**Significant Deficiencies – Material Weaknesses**

**Item 2006-1 (Repeat Finding):** The chart of accounts currently in use is a single, combined chart of accounts for the General Fund, Special Revenue (Fire Protection) Fund and Utility System Fund. Financial statement preparation requires the separation of these funds. Coding errors that cross funds result in differences between funds when the respective fund accounts are segregated for preparation of fund financial statements. Over the years the numbering scheme has lost its original logic, which only enhances the tendency to miscode revenue and expenditures. Additionally, it was noted that the integrated payroll system was not properly set up to record salary expense, payroll tax expense and retirement expense in the proper fund and in the General Fund, the proper department within the general ledger. It was found that while the salary expense was charged to one fund another fund would actually pay the salary.

**Resolution:** The Village hired an outside accounting firm to develop a new accounting system for each fund individually as recommended. They also modified the payroll system to accommodate proper recording of payroll expense within the individual funds.

**Item 2006-2:** Management of the Village lacked sufficient expertise to prepare financial statements in accordance with accounting principles generally accepted in the United States of America and the related footnotes.

**Resolution:** The accounting firm will provide on going supervision and technical assistance, and interim review of transactions to prevent and detect errors on a timely basis. The firm has also provided year-end close out procedures and preparation of financial statements prepared in accordance with generally accepted accounting principles.

**Compliance**

**Item 2006 – 3:** Actual expenditures exceeded budgeted expenditures by greater than 5%.

**Resolution:** The 2007 budget was adequately monitored and amended as necessary, consequently there was no violation of Louisiana Budget Law..